U.S.-CAFTA-DR Free Trade Agreement
Georgia Farmers Will Benefit.

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Exports of farm products help boost Georgia's farm prices and income. Such exports help support about 15,231 jobs both on and off the farm in food processing, storage, and transportation. In 2003, Georgia's farm cash receipts were $5.2 billion, and agricultural exports were estimated at $964 million, putting its reliance on agricultural exports at 18 percent. Implementation of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) will increase Georgia's exports of agricultural products.

Georgia Benefits From the U.S.- CAFTA-DR Free Trade Agreement (FTA)

Despite over $1.6 billion in U.S. farm exports in 2003, CAFTA-DR countries continue to impose high tariffs and other barriers on most agricultural products, including Georgia's key exports. A primary U.S. objective was to change the "one-way-street" of duty-free access currently enjoyed by most CAFTA-DR exports into a "two-way-street" that provides U.S. suppliers with access to these markets and levels the playing field with other competitors. This objective was achieved. Over 50 agricultural industry and farm groups, including the American Farm Bureau support the FTA.

Poultry. Georgia, ranking first in national sales and exports of poultry products, benefits from the FTA U.S. poultry exporters currently face duties as high as 164 percent on both fresh and frozen products, and the WTO permits duties as high as 250 percent.

- Each CAFTA-DR country will provide immediate duty-free access on chicken leg quarters, a product where the United States is the world's most competitive exporter, through TRQs that expand annually as duties are eliminated in 17 to 20 years.
- Costa Rica and the Dominican Republic will establish duty-free TRQs for chicken leg quarters totaling 850 metric tons, each expanding by 10 percent annually. The other four Central American countries will establish a total regional duty-free TRQ of 21,810 metric tons (with individual country minimum quota levels). After year 12, the TRQ quantity will be no less than 5 percent of regional chicken production.
- Duties on poultry products such as wings, breast meat and mechanically de-boned poultry meat will be reduced more quickly, with many eliminated within 10 years.
- CAFTA-DR countries commit to adopting a "systems approach" to the recognition of the U.S. poultry inspection system.
- *The National Chicken Council, the USA Poultry and Egg Export Council, and the National Turkey Federation have expressed support publicly for the CAFTA-DR FTA.*

Cotton. Providing the 2nd largest source of farm cash receipts and the top state agricultural export, Georgia's cotton farmers benefit from zero tariffs that the FTA locks-in immediately for markets worth $73.1 million to U.S. cotton suppliers. Under the WTO, CAFTA-DR countries could raise duties on cotton to 35 to 60 percent, depending on the country.

Peanuts. Georgia, the nation's largest exporter of peanuts, benefits from the new openings the FTA provides in markets already importing $1.2 million of U.S. peanuts and products.

- Peanut tariffs will be eliminated immediately in El Salvador, Honduras, and the Dominican Republic, with duties in other countries eliminated in 5 to 15 years.
- Peanut butter duties are eliminated immediately in Costa Rica, Dominican Republic, El Salvador, and Honduras. Nicaragua and Guatemala will eliminate duties on this product over 10 years.
- Except where current duty treatment under CBI grants duty-free access, the U.S. duties on peanuts and peanut butter will be phased out over a 15-year period. During the phase-out period, the United States will establish TRQ access totaling 10,500 metric tons for two countries – El Salvador and Nicaragua - growing by 5 percent per year, and a TRQ for Nicaragua for peanut butter of 280 metric tons, growing at 10 percent per year.

Beef. Providing the 5th largest source of farm cash receipts in the state, Georgia's cattle and calve operators benefit from the FTA.

- Current import duties on U.S. beef exports are as high as 30 percent, and under WTO rules CAFTA-DR countries may charge import duties up to 79 percent.
- Duties on the products most important to the U.S. beef industry – Prime and Choice cuts – will be eliminated immediately in Central American countries, while the Dominican Republic will establish a zero duty TRQ of 1,100 metric tons which expands annually as duties are eliminated.
- Some immediate duty-free access will be provided by certain countries on other beef cuts through an initial TRQ totaling 1,165 metric tons, expanding annually until duties are fully phased-out.
- Duties currently applied to other beef products and beef offals will be phased-out in 5 to 10 years.
- CAFTA-DR countries are working toward the recognition of the U.S. meat inspection and certification systems, and it is expected that this process will be brought to a favorable conclusion in the near future.
- *The American Meat Institute, the National Cattlemen's Beef Association, the National Renderers Association, and the U.S. Meat Export Federation have expressed support publicly for the CAFTA-DR FTA.*